

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 COME-00 AGRE-00 STR-04 L-03
OMB-01 TRSE-00 PA-01 PRS-01 CIAE-00 INR-07
NSAE-00 INRE-00 SS-15 SSO-00 /051 W
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O R 281100Z JUL 77

FM AMEMBASSY BRASILIA
TO AMEMBASSY LONDON IMMEDIATE
INFO SECSTATE WASHDC 3000
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 6266

FOR ASSISTANT SECRETARY KATZ FROM CHARGE

E.O. 11652: GDS
TAGS: EPAP, OCON, BR
SUBJ: SUGAR CONSULTATIONS - BRAZILIAN ROLE

REF: (A) LONDON 12242, (B) BRASILIA 6188, (C) RIO DE JANEIRO
3513, (D) BRASILIA 6219, (E) LONDON 12382

1. THIS AFTERNOON, JULY 27, I WAS RECEIVED BY MINISTER
OF INDUSTRY AND COMMERCE ANGELO CALMON DE SA TO DISCUSS THE
SUGAR CONSULTATIONS. BRAZIL'S INSTITUTE FOR ALCOHOL AND SUGAR,
ALTHOUGH ENJOYING SOME AUTONOMY, IS PART OF THE MINISTER'S
RESPONSIBILITY, WHO HAS TAKEN AN ACTIVE PART IN THE FORMULATION
OF BRAZIL'S POSITION FOR THE CONSULTATIONS.

2. I AGAIN PRESENTED THE POINTS CONTAINED IN REF A,
STRESSING THE CRITICAL IMPORTANCE OF THE CURRENT CONSULTA-
TIONS, THE KEY ROLE OF THE BRAZILIAN DELEGATION, AND THE
CONSEQUENCES IF THE CONSULTATIONS SHOULD NOT SUCCEED. I
SAID LATEST REPORTS FROM LONDON INDICATED THE BRAZILIAN DELE-
GATE WAS NOW TAKING A MORE ACTIVE PART, THAT WE WELCOMED THIS
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AND HOPED BRAZIL'S ROLE WOULD CONTINUE. WHILE WE RECOGNIZED
EXISTING DIFFERENCES BETWEEN US ON SOME OF THE SPECIFICS OF
A NEW ISA, AN ACTIVE AND CONSTRUCTIVE ROLE BY THE BRAZILIAN
DELEGATION WAS CRITICAL IN PUTTING TOGETHER A PACKAGE
SUPPORTABLE BY MAJOR PARTICIPANTS.

3. CALMON DE SA SAID HE FULLY UNDERSTOOD THE IMPORTANCE OF

THE PRESENT NEGOTIATIONS AND THE US ADMINISTRATION'S COMMITMENT TO A NEW SUGAR AGREEMENT. HE SAID I COULD ASSURE YOU THAT BRAZIL HAS A POSITIVE AND CONSTRUCTIVE ATTITUDE TOWARD A NEW AGREEMENT. EACH ONE CENT PER POUND DIFFERENCE IN THE WORLD SUGAR PRICE MEANT THE GAIN OR LOSS OF SOME DOLS 50 MILLION IN EXPORT REVENUES FOR BRAZIL. BRAZIL WAS INTERESTED IN A STABLE PRICE LEVEL SUSTAINABLE OVER THE LONG TERM. DIFFERENCES BETWEEN THE US AND BRAZILIAN POSITIONS, CALMON DE SA SAID, WERE RELATIVELY MINOR AND WERE NEGOTIABLE -- ALTHOUGH, HE ADDED, BRAZIL COULD NOT, OF COURSE, ACCEPT THE STOCK FINANCING PROVISIONS CURRENTLY PROPOSED BY THE US. BRAZIL'S MAJOR PROBLEMS WERE WITH CUBA AND THE EEC.

4. I NOTED OUR CONCERN OVER THE RETICENCE, EVEN SILENCE, OF THE BRAZILIAN DELEGATE IN THE FIRST FEW DAYS OF THE CONSULTATIONS. CALMON DE SA SEEMED SOMEWHAT SURPRISED BY THIS CHARACTERIZATION, AND SUGGESTED THAT THE DELEGATION HAD BEEN FOLLOWING INSTRUCTIONS TO HOLD BACK INITIALLY, WHILE OTHERS WOULD TAKE ON THE MORE EXTREME POSITIONS BEING SURFACED IN THE MEETING DURING THOSE FIRST FEW DAYS. HE CITED, IN THIS CONNECTION, THE CUBAN POSITION ON PRICE WHICH HE TERMED TOTALLY UNREALISTIC. CALMON DE SA SUGGESTED THAT THE US AND BRAZILIAN DELEGATIONS COULD WORK TOGETHER VIS-A-VIS THE EEC, AND REFERRED TO BRAZIL'S OWN DIFFICULTIES IN THIS AREA. HE STRESSED THAT, IN HIS VIEW, BRAZIL, BY DIVERTING SOME 900,000 TONS OF SUGAR TO ITS DOMESTIC ALCOHOL PROGRAM, HAD PLAYED

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AN IMPORTANT STABILIZING ROLE IN THE WORLD MARKET THIS YEAR.
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Message Attributes

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Copy: SINGLE
Sent Date: 28-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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